

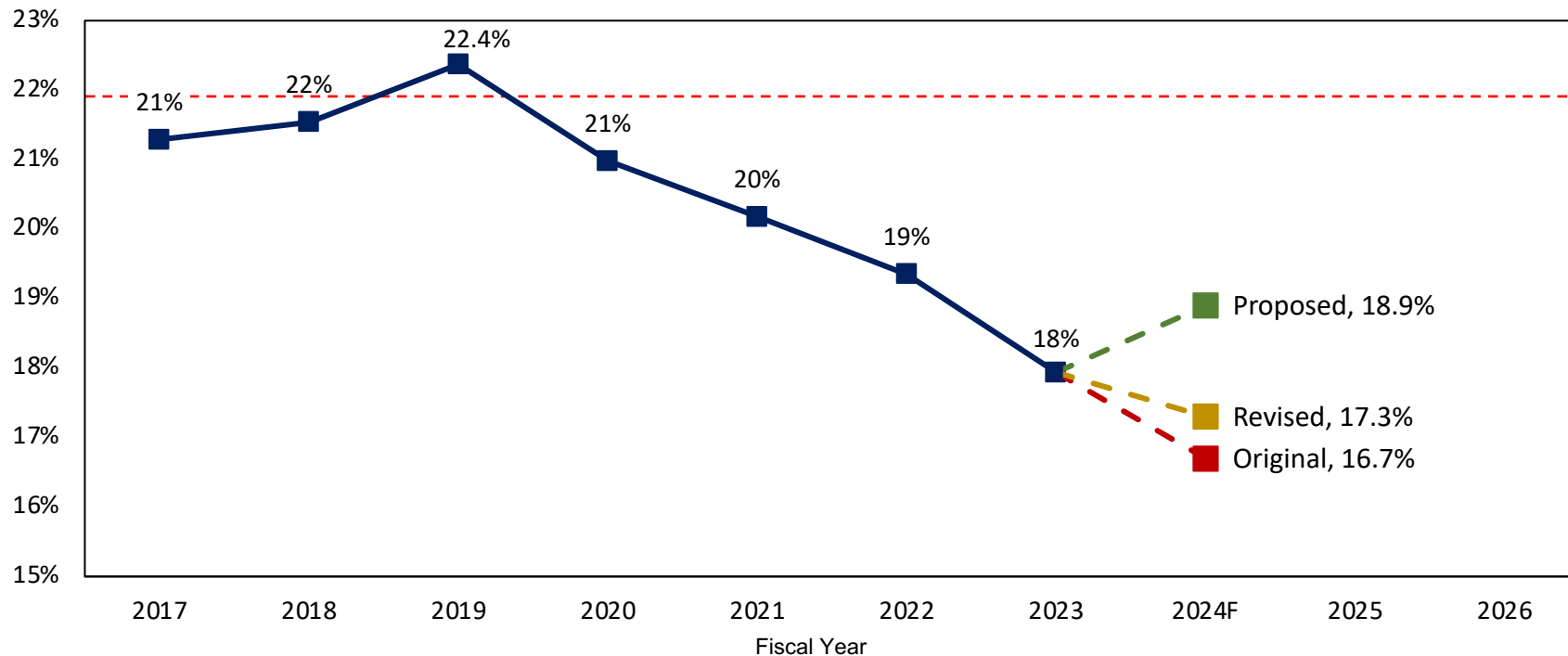
Virginia ABC

July 20, 2023



ABC profitability has declined from historical 21-22%

Net Profit (% of net revenues)

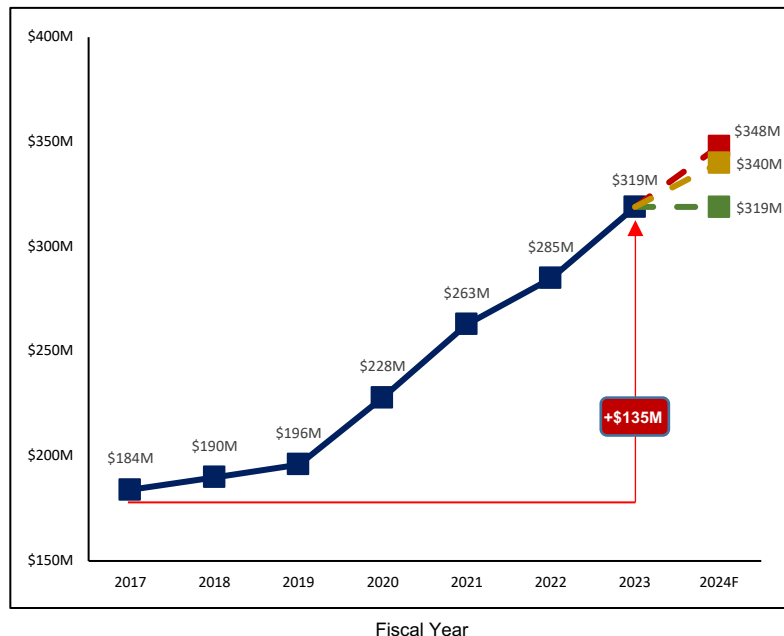


Note: Net revenue has grown 60% from FY2017 – FY2024F (\$808M to \$1,291M)

ABC annual operating costs have increased since 2017, faster than net revenue

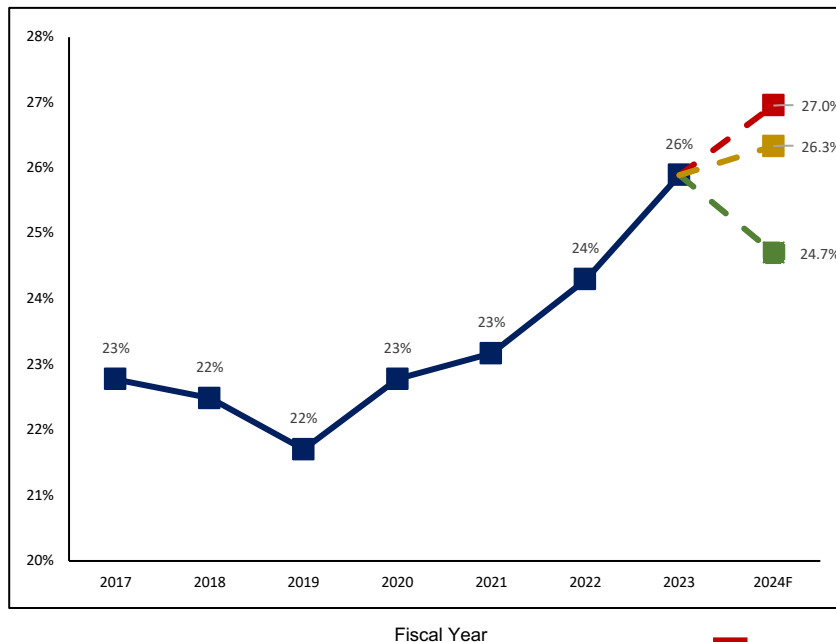
Increased \$135 million since 2017 (+73%)

Adjusted Operating Costs (\$M)



Increased from 22% to 26% of sales since 2017

Adjusted Operating Costs (% of net revenues)



Note: Net revenue has grown 60% from FY2017 – FY2024F (\$808M to \$1,291M)

ABC Net Revenue Growing, Net Profit Declining since FY2021

(\$ in millions)

	Fiscal Years Ended June 30,							FY2024 Forecast Evolution		
	2017	2018	2019	2020	2021	2022	2023F	Orig. (May)	Rev. 6/8	Rev. 6/28
Total net operating revenues	808	845	903	1,001	1,135	1,173	1,232	1,291	1,291	1,291
<i>y-o-y change / CAGR</i>		4.6%	6.8%	10.9%	13.3%	3.4%	5.0%	4.8%	4.8%	4.8%
Cost of Alcohol	451	473	504	563	643	661	692	728	728	728
Gross Profit	357	372	399	438	492	512	540	563	563	563
Gross Margin %	44%	44%	44%	44%	43%	44%	44%	44%	44%	44%
Adj. Operating Expenses	184	190	196	228	263	285	319	348	340	319
<i>Operating Expenses, % of Sales</i>	<i>23%</i>	<i>22%</i>	<i>22%</i>	<i>23%</i>	<i>23%</i>	<i>24%</i>	<i>26%</i>	<i>27%</i>	<i>26%</i>	<i>25%</i>
<i>Operating Expenses y-o-y Δ / CAGR</i>		3.1%	3.3%	16%	15.5%	8.3%	12.0%	9.0%	6.5%	-0.1%
ABC Operating Net Profit ⁽¹⁾	172	182	202	210	229	227	221	215	223	244
<i>ABC Operating Net Profit % ⁽¹⁾</i>	<i>21%</i>	<i>22%</i>	<i>22%</i>	<i>21%</i>	<i>20%</i>	<i>19%</i>	<i>18%</i>	<i>16.7%</i>	<i>17.3%</i>	<i>18.9%</i>

⁽¹⁾ Does not include non-operating income/expenses including the gain on sale of Hermitage Rd among other one-time items.